



South Essex Housing Market Trends

Quarterly Report

July 2022

House Prices, Affordability & Market Indicators



Introduction

This report monitors the latest trends in house prices, rent and other market indicators based on Hometrack's [online Housing Intelligence System](#). It looks at national trends and local changes in lower quartile house prices across South Essex (SE) by local authority area for different house types. It also compares cross tenure affordability including private rent over time. The report supplements data in the [SE Strategic Housing Market Assessment \(SHMA\)](#) published May 2016 (with an [Addendum update, May 2017](#)) currently being updated for 2022. Changes in Lower Quartile house prices for SE local authority areas are tabled in Appendix 1.

Key trends

National Trends

- House prices increased by 1.8% in June, the twelfth consecutive monthly rise.
- Annual growth rate of 13% is the highest since late 2004.
- Typical property now costs £294,845.
- The supply-demand imbalance continues to be the reason house prices are rising so sharply.
- A slowing of house price growth should still be expected in the months ahead.

Local House Prices

- Average annual house price growth in South Essex was up 6.79% in May 2022, slightly up from 6.69% in the previous reporting period in February 2022.
- Rochford saw the biggest gain at £38,893, followed by Basildon and then Castle Point. Thurrock again experienced the smallest gain at £11,682.
- Prices in London grew at a lower rate, less than all five South Essex authorities.
- Whilst Lower Quartile prices have grown at a similar rate since May 2021 prices fell in Thurrock by £10,000 but remained elevated in the remaining South Essex local authority areas.
- Since November 2021, house prices of flat / maisonette properties fell in Thurrock, remained stable in Southend but continued to rise in Basildon, Castle Point and Rochford.

Price of property by bed count

- For 1 bed flats; Castle Point had the highest price, whilst for 2 bed flats, 2, 3 and 4 bed houses; it was Rochford.

Cross Tenure (for a one bed property)

- The weekly cost of private renting has increased over the last year by as much as £12 per week in Rochford.
- The gap between private renting and the current LHA still remains significant in all SE Local Authorities ranging between -£28 and -£46 per week and is widening.
- The Local Housing Allowance is sufficient to cover the cost of Intermediate Rent (at 80% market rent) in all South Essex local authorities apart from in Castle Point.

Affordability

- The four Basildon wards of Burstead, Laindon Park, Fryerns and Vange all had house price to income ratios of 13.50:1 or more.
- In comparison with the neighbouring region of London, the ratio was 14.86:1 and for the East of England 10.33:1.

Comparables Module

- Using Basildon as the sample area, property prices of 1-2 bed flats at the recently converted Trafford House averaged £235,000 compared to the borough average at £203,643 showed they had a premium of 15%. A similar comparison was made with a new build affordable housing scheme at Cleves Court, Station Lane, Pitsea which were cheaper still.



House Price Index



Average house price
£294,845



Monthly change
+1.8%



Quarterly change
+3.8%



Annual change
+13.0%

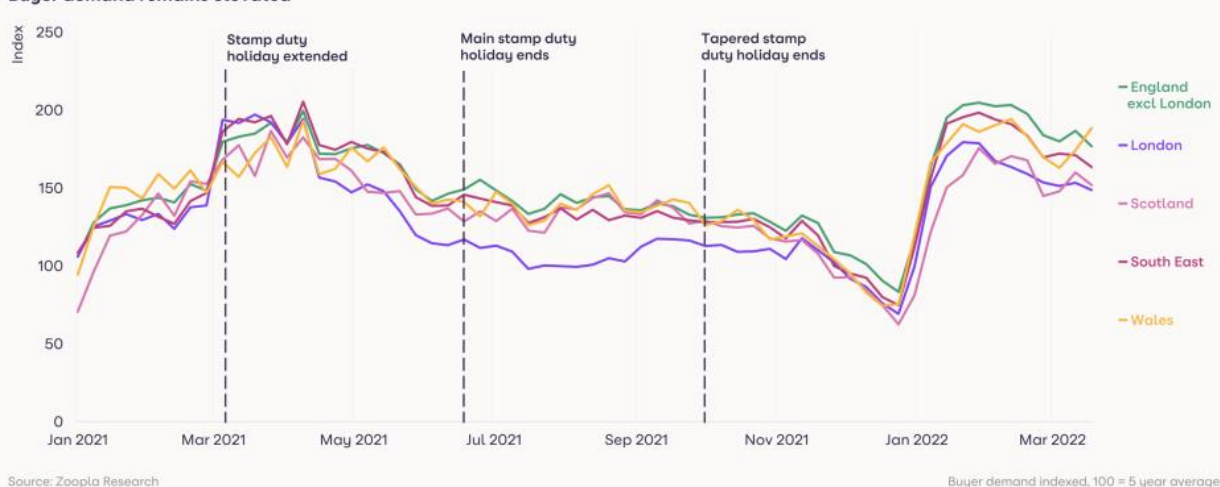
House prices continue to increase as market shows resilience

- House prices increased by 1.8% in June, the twelfth consecutive monthly rise
- Annual growth rate of 13% is the highest since late 2004
- Typical property now costs £294,845

Russell Galley, Managing Director, Halifax commented: “The supply-demand imbalance continues to be the reason house prices are rising so sharply. Property prices so far appear to have been largely insulated from the cost-of-living squeeze. This is partly because, right now, the rise in the cost of living is being felt most by people on lower incomes, who are typically less active in buying and selling houses.... There has been a huge shift in demand towards bigger properties, with average prices for detached houses rising by almost twice the rate of flats over the past year (+13.9% vs +7.6%)... While it may come later than previously anticipated, a slowing of house price growth should still be expected in the months ahead.

Gráinne Gilmore Head of Research, Hometrack / Zoopla commented “Sales market conditions are strong by any measure, but there are signals that the impetus in the market is slowing, and more price sensitivity in the market will spell a slowdown in price growth during the remainder of 2022. This is reflected in sales agreed figures down 13% year on year. Buyers also expected to become more price sensitive as mortgage rates rise, leading to a slowing in the rate of price growth in H2.”

Buyer demand remains elevated



Local Housing Indicators

Hometrack's Housing Intelligence System allows house prices to be viewed at a local authority or even ward or super output area. South Essex (SE) authorities and the London region are shown below.

Overall Change in Average House Prices May 2021 – May 2022

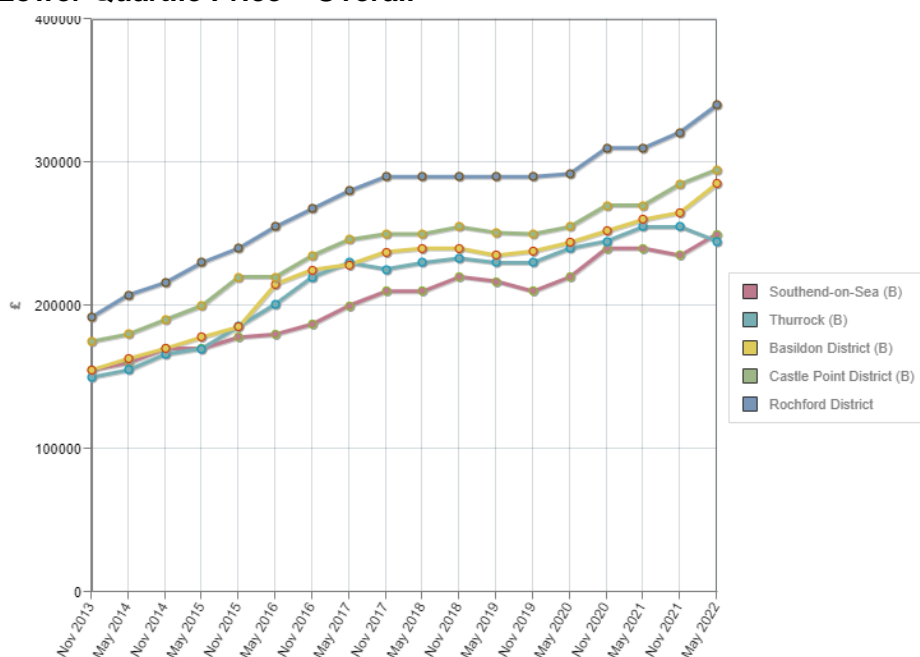
LA	London	Southend	Thurrock	Basildon	Castle Point	Rochford
May 2021	609,763	368,335	326,325	374,704	377,295	417,582
May 2022	624,359	393,129	338,007	403,754	402,167	456,475
CHANGE	14,596	24,794	11,682	29,050	24,872	38,893
%	2.39%	6.73%	3.58%	7.75%	6.59%	9.31%

Average annual house price growth in South Essex **was up 6.79%**, this was slightly up from the previous reporting period in February 2022 at 6.69%. Individual prices have all increased significantly buoyed up by lower interest rates and shortage of supply. Rochford saw the biggest gain at £38,893, followed by Basildon and then Castle Point. Thurrock again experienced the smallest gain at £11,682. Prices in London grew at a lower rate, less than all five South Essex authorities.

Focusing on Lower Quartile Prices

The charts below focus on the lower quartile property price, based on sales and valuations, for property (flats / maisonettes, terraced and detached properties) in the SE area. This analysis is based on data from Hometrack's Automated Valuation Model.

Lower Quartile Price – Overall



The graph shows Lower Quartile house prices growing steadily since November 2013, until flattening before the onset of the pandemic but then accelerating from May 2020 supported by the Stamp Duty holiday, the “race for space” and Help to Buy. However, since November 2021 prices actually **fell in Thurrock** by £10,000 but remained elevated in the remaining South Essex local authority areas.

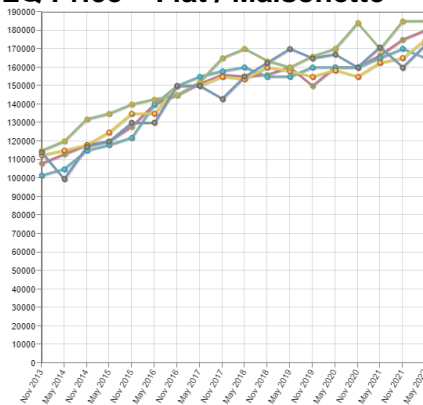
In May 2022, the highest overall lower quartile property price in SE was in Rochford at **£340k**, followed by Castle Point at **£295k**, Basildon at **£284k**, Southend **£250k**, and Thurrock at **£245k**.

Annual LQ house price growth in May 2022 was up in Rochford and Castle Point, by as much as **£30k**, with a smaller increase in Southend of **£10k**, but actually fell by **£10k** in Thurrock suggesting a possible softening of prices (see appendix 1, page 9).

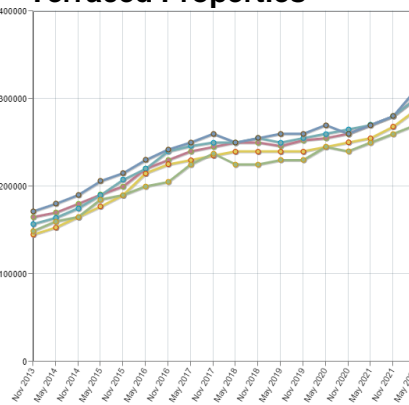


For now, the context for this period remains the same, over the last ten years, all SE Local Authorities have still experienced significant levels of growth with Rochford seeing the highest growth at **£132.5k**.

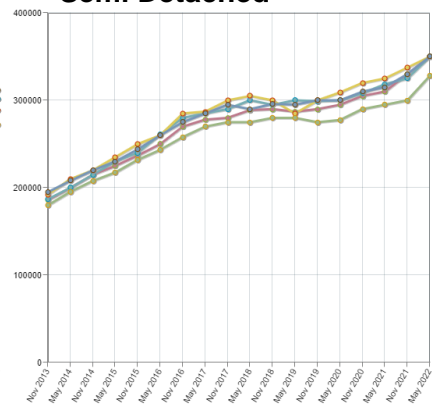
LQ Price – Flat / Maisonette



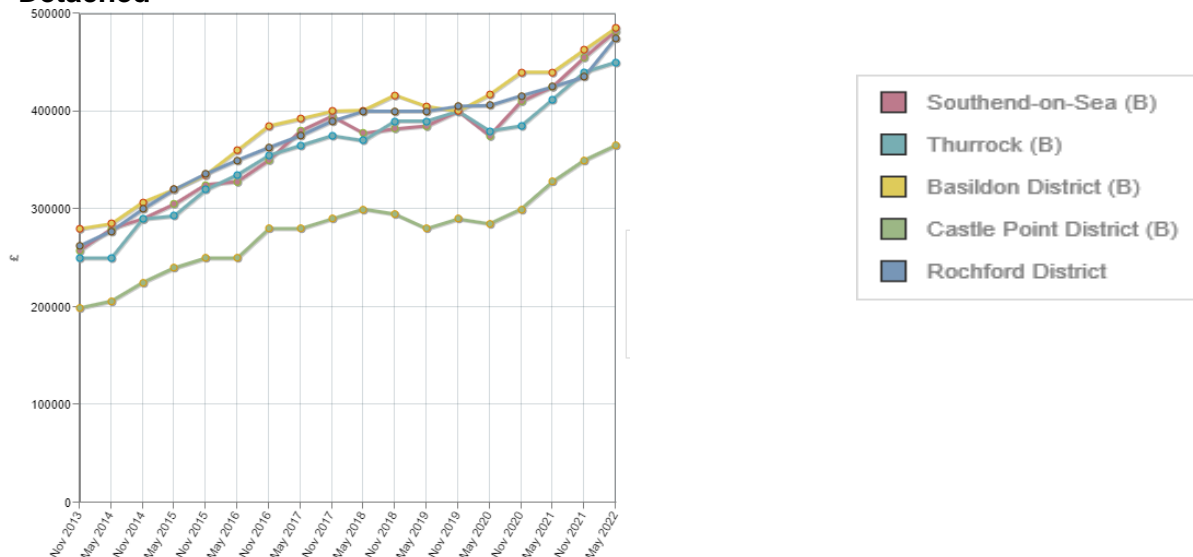
Terraced Properties



Semi Detached



Detached



Since November 2021, house prices of **flat / maisonette properties** fell in **Thurrock**, remained stable in Southend but continued to rise in Basildon, Castle Point and Rochford. However, house price growth amongst smaller properties has been less pronounced and more volatile compared to larger properties which has been more consistent and certainly rapid especially for **detached family housing**. Prices for larger properties in Castle Point have consistently lagged behind, this could be because of the relatively large number of bungalows on Canvey Island which by their nature are generally smaller and cheaper.

Annual Turnover by Broad Type and Age

As a Proportion of Overall Property

	Basildon Borough Council				Source: HM Land Registry
	2nd Hand House Sales	2nd Hand Flat Sales	New Build House Sales	New Build Flat Sales	Overall property price bands
2018	2,074	416	161	25	3.6%
2019	1,967	373	60	9	3.3%
2020	1,710	298	15	5	2.7%
2021	2,540	380	4	NA	4.0%
2022	382	66	NA	NA	0.6%

The table above shows the total volume of housing turnover in Basildon, as the sample area, split between 2nd hand and new build sales for houses and flats.

Turn-over figures for second-hand house and flat sales have **remained strong**, despite dipping in 2019-20 but regaining ground in 2021. New build house and flat sales **declined sharply** from 2018 and remain low. To note: these figures do not reflect the Borough's net completion rates which have been much higher: 460 in 2019-20 and 265 in 2020-21 (source: Councils' monitoring / Turley analysis).

The total turnover is also shown as a proportion of overall property, based on Land Registry data. Turnover has remained stable. However, The rate still **remains down** from the pre-recession figure of **5.4%** in 2007. (See TGSE Housing Market Trends Quarterly Report, Oct 2010).

Weekly cost for 1 bed property for rent and purchasing across a range of quartiles

May 2022	Southend	Thurrock	Basildon	Castle Point	Rochford
Renting (LA)	78	76	76	83	0
Renting (HA)	95	101	95	92	92
Renting - 80%	138	151	151	147	138
Renting (private)	172	189	189	184	173
May 2021	161	178	184	184	161
May 2020	155	173	167	172	162
May 2019	150	173	167	167	150
LHA (as of 1/04/20)	138	161	161	138	138
Gap LHA & renting	-34	-28	-28	-46	-35
Buying LQ resale	176	173	171	183	171
Buying AV resale	202	188	191	202	182
Buying LQ new build	233	161	315	276	274
Buying av new build	286	182	315	284	276

The above table and graph show the weekly cost of renting or purchasing a one bed-room property across a range of quartiles based on May 2022 figures. Key trends are summarised below.

- The weekly cost of private renting (one bed property) has increased over the last year by as much as **£12** per week (Rochford).
- The gap between private renting and the current LHA still remains significant in all SE Local Authorities ranging between **-£28** and **-£46** per week and is widening.
- However, the Local Housing Allowance is sufficient to cover the cost of Intermediate Rent (at 80% market rent) in all South Essex local authorities **apart from in Castle Point**.
- Buying an average re-sale one bed property is **more expensive** than private renting in all SE Local Authorities apart from in Thurrock.
- Buying an average new build one bed property in South Essex is significantly **more expensive than private renting even on Intermediate Rent**, with the exception of Thurrock.

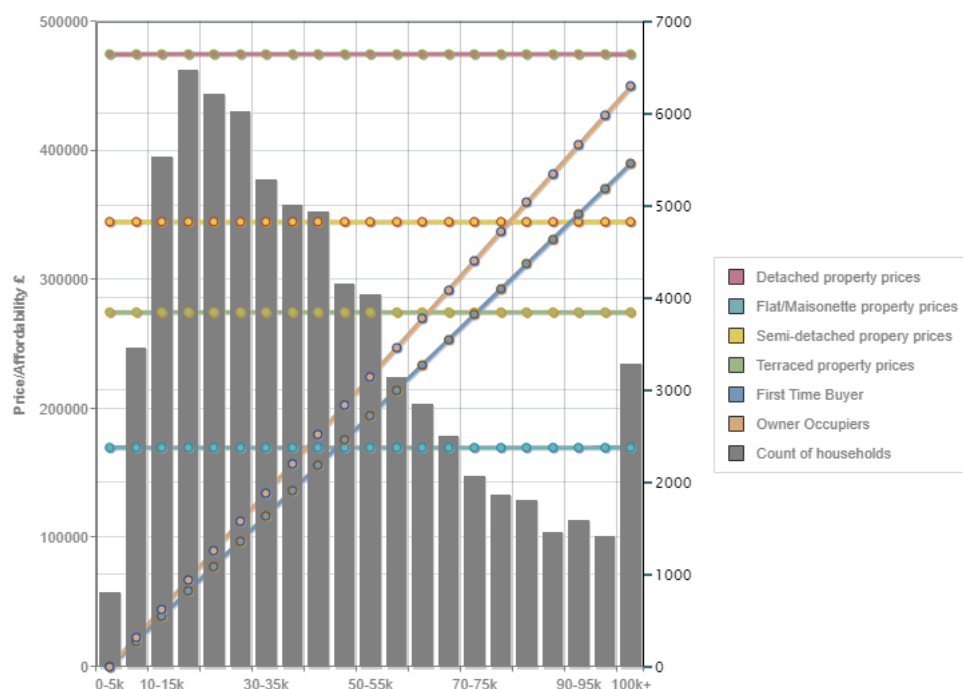
Lower Quartile Price of Property by Bed Count (May 2022)

	Southend	Thurrock	Basildon	Castle Point	Rochford
1 bed Prices (Flat)	158,000	157,250	150,000	165,000	150,000
2 bed Prices (Flat)	200,000	200,000	210,000	205,000	199,500
2 bed Prices (House)	280,000	285,000	290,000	295,000	310,000
3 bed Prices (House)	330,000	325,000	310,000	320,000	358,500
4 bed Prices (House)	450,000	425,000	430,000	436,375	464,250



The table on the previous page shows the lower quartile price of property by bed count in the SE area based on May 2022 figures. For 1 bed flats; **Castle Point had the highest price**, whilst for 2 bed flats, 2, 3 and 4 bed houses it was **Rochford**.

Affordability: 3.0 times income Sample Area: Basildon



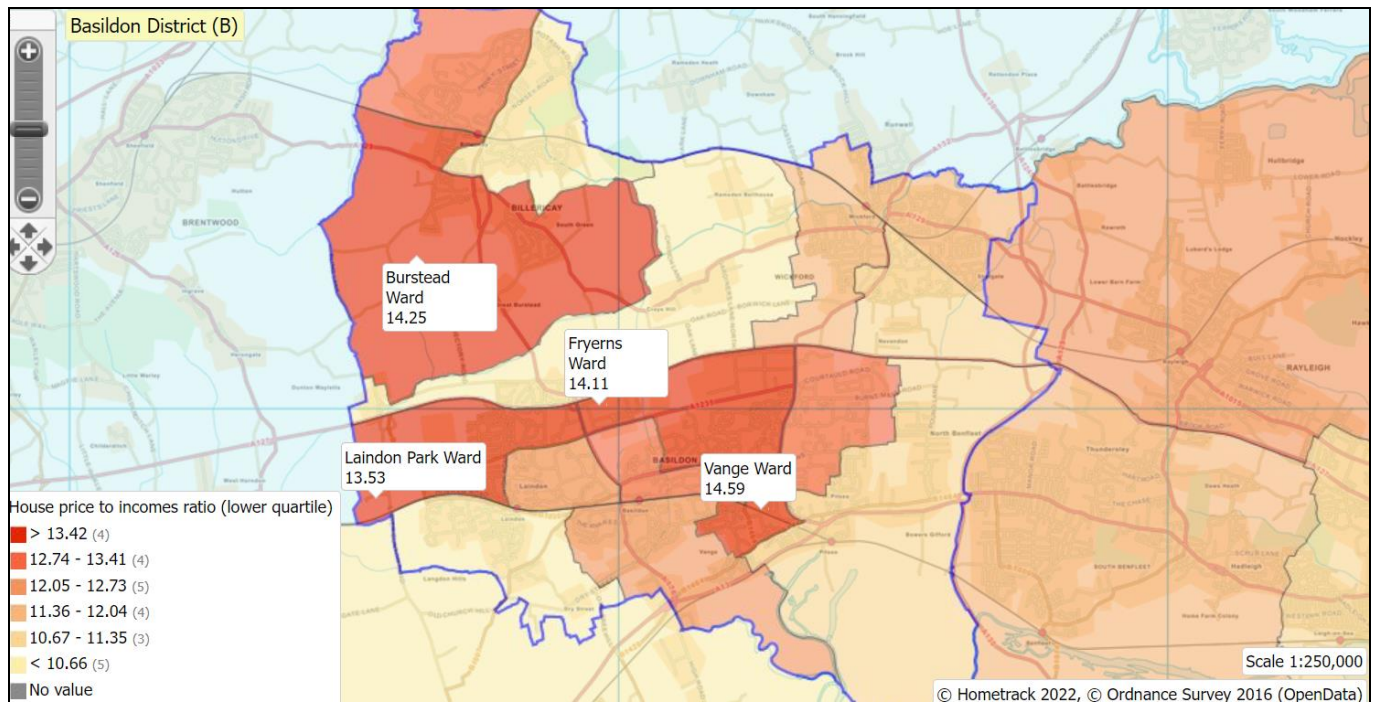
Looking at the wider affordability issues in **Basildon** both by income band and spatially; the above chart shows the number of households in different household income bands compared to the minimum price for different property types in the same area (horizontal lines). The diagonal lines rising from left to right show the value of property that can be afforded at different income multiples by a first-time buyer and former owner-occupier.

The chart demonstrates that a significant proportion of residents in **Basildon** are priced out of the property market. For example, **59%** of households were priced out of the market (i.e., cannot afford to purchase a flat as a first-time buyer on a mortgage at 3.0 times their income). This rises to **84%** for those wishing to purchase a terraced property, **91%** for a semi-detached property and **100%** for a detached property.

Percent of households priced out of market Basildon

FTB households - Flats	59.18%
FTB households - Terraced houses	84.53%
FTB households - Semi-detached houses	91.49%
FTB households - Detached houses	100.00%
Owner occupier - Flats	52.49%
Owner occupier - Terraced houses	78.36%
Owner occupier - Semi-detached houses	87.07%
Owner occupier - Detached houses	100.00%

LQ house price to income ratio in Basildon wards

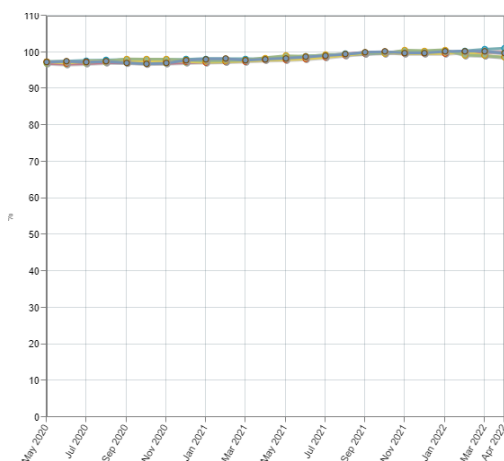


The heat map compares the Lower Quartile house price to income ratios across individual wards in Basildon. The wards of Burstead, Laindon Park, Fryerns and Vange all had ratios of **13.50:1** or more.

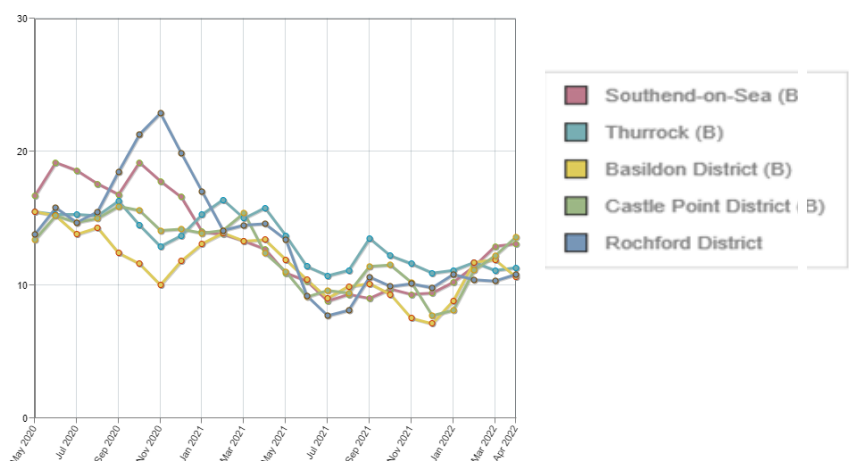
In comparison with the neighbouring region of London, the ratio was **14.86:1** and for the East of England **10.33:1**. This shows how prices are still relatively high compared to London and the East of England.

Market Indicators

Sales to asking price – Percentage



Total time to sell – weeks



The sales to asking price (%) has generally remained flat and in the **very high nineties** across all five South Essex local authority areas, although since May 2022 they fell marginally in Castle Point and Basildon.

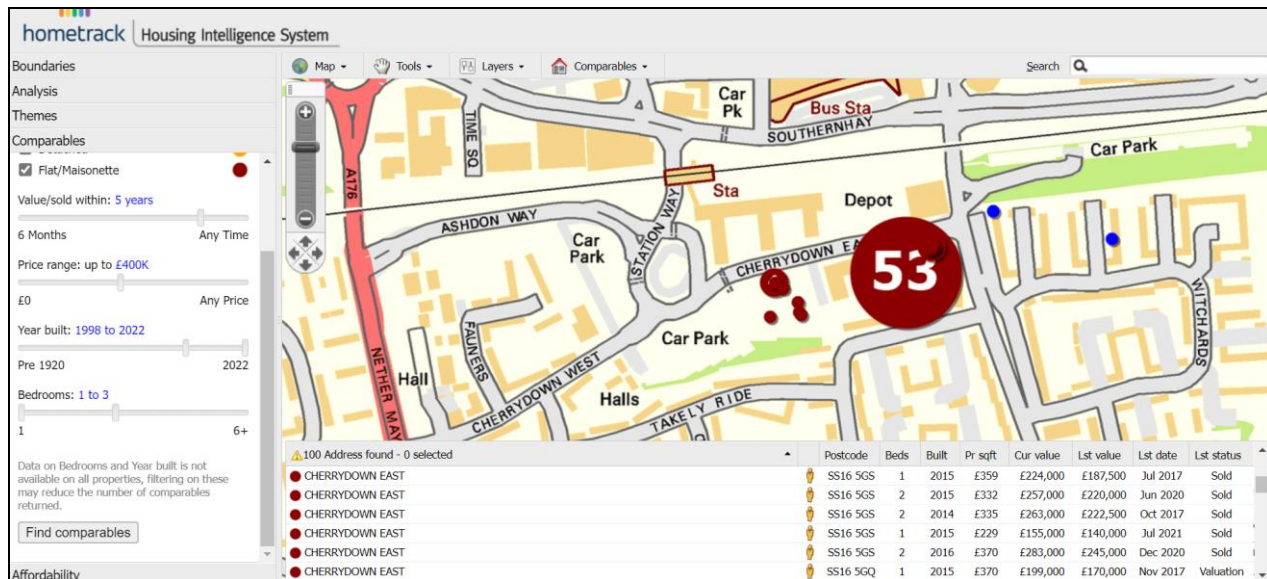
The time to sell (weeks) has fluctuated much more, however since January 2022 the **overall trends appears to show a slightly longer time period for sales** suggesting perhaps that the market is softening.

Comparables Module - Refurbished Trafford House property prices in Basildon v overall average prices and new build shared ownership properties at Cleves Court, Pitsea

Using the Comparables Module it is possible to focus in on a chosen development and compare it with another scheme in a different location. In this example, the development was Trafford House, former Ford Motor Company UK headquarters converted to 1-2 bedroomed apartments on Cherrydown East, close to the town centre. A detailed list of just under 100 properties showing for example street name, post code, property type, current value, was then exported into excel for further analysis.

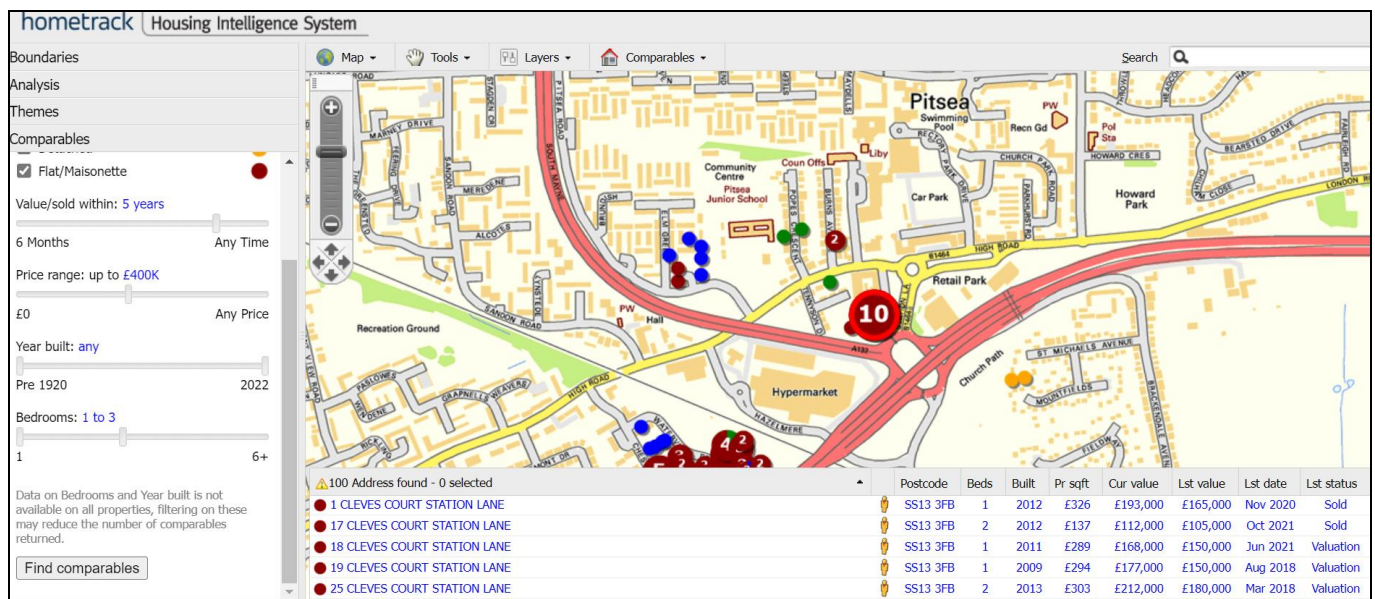
The average sales price or valuation of all 1-2 bedroomed properties was then calculated as **£235,000**, which when compared with the average overall price of 1-2 bed flatted properties in the Borough at **£203,643**, showed that the recently converted properties in this location had a premium of 15%.

Trafford House, Basildon Town Centre



A comparison was also made with another property comprising a new build affordable housing scheme completed in 2011 on Cleves Court, Station Lane, Pitsea. Here the average current value was £164,000, significantly less than the average price of properties at Trafford House and less than the borough average. To note, the average price is certainly reflective of the tenure being shared ownership and will not represent the full market value estimated at £190,000 on Right Move February 2022.

Cleves Court, Station Lane, Pitsea



Appendix 1 – Overall House Price by Local Authority Area over a 10-year period

	Southend-on-Sea (UA)	Thurrock (UA)	Basildon (Borough)	Castle Point (Borough)	Rochford (District)
	Lower Quartile	Lower Quartile	Lower Quartile	Lower Quartile	Lower Quartile
Nov 2013	155,000	150,000	155,000	175,000	192,000
May 2014	160,000	155,000	163,000	180,000	207,500
Nov 2014	169,995	166,000	170,000	190,000	216,000
May 2015	170,000	170,000	178,000	200,000	230,000
Nov 2015	178,000	185,500	185,000	219,995	239,995
May 2016	180,000	201,000	215,000	220,000	255,000
Nov 2016	187,000	220,000	225,000	235,000	267,600
May 2017	200,000	230,000	228,500	246,000	280,000
Nov 2017	210,000	225,416	237,500	250,000	290,000
May 2018	210,000	230,000	240,000	250,000	290,000
Nov 2018	220,000	233,000	240,000	255,000	290,000
May 2019	217,000	230,000	235,000	251,000	290,000
Nov 2019	210,000	230,000	238,000	250,000	290,000
May 2020	220,000	240,000	244,000	255,000	292,000
Nov 2020	240,000	245,000	252,000	270,000	310,000
May 2021	240,000	255,000	260,000	270,000	310,000
Nov 2021	235,000	255,000	265,000	285,000	321,000
May 2022	250,000	245,000	285,000	295,000	340,000
Change May 21 May 22	10,000	-10,000	25,000	25,000	30,000
Change May 2014 May 2022	90,000	90,000	122,000	115,000	132,500

Source: Hometrack Housing Intelligence System



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